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SUBJECT: ISRAELI OFFICIALS BRIEF DJEREJIAN ON IMPROVED
REGIONAL SECURITY SITUATION; UNILATERAL DISENGAGEMENT PLANS

Classified By: Ambassador Daniel C. Kurtzer for reasons 1.4 (b) and (d)

1. (C) Summary. In a series of meetings with GOI officials between March 26-30, former NEA A/S and Ambassador to Israel Ed Djerejian, here as an official guest of the Foreign Ministry in his current capacity as Director of the Baker Institute, heard that the regional strategic situation faced by Israel had improved, largely as a result of the Iraq war, but that threats remained. Drawing on his experience as former U.S. Ambassador to Israel and on the U.S.-Syria dialogue hosted by the Baker Institute, Djerejian advocated "muscular diplomacy" with the Syrians. Israeli officials were uniformly dismissive of any prospect for Israeli-Palestinian negotiations, as long as Arafat is on the scene. PM COS Dov Weissglas briefed Djerejian on the main contours of the PM's disengagement plan. Other interlocutors, while accepting the premise that unilateral disengagement represented a means of decreasing tension until such time as bilateral negotiations with a credible negotiating partner could be resumed, raised a number of concerns about the plan's implications. For example, Immigration and Absorption Minister Tzipi Livni raised questions about the "ambiguous legal status" of the territories from which Israel will withdraw. Others explored the issue of what "price" should be paid to compensate Israel for its territorial concession. Djerejian's interlocutors widely assumed that, in the absence of a credible Palestinian partner, the United States should be prepared to compensate Israel. Ambassador Djerejian emphasized the need to help empower the Palestinian security forces to assume security responsibility and to avoid the empowerment of Hamas. NSC Director Giora Eiland briefed on his alternative vision for achieving a viable, two-state solution through a land swap with Egypt. End Summary.

2. (C) The Israeli Foreign Ministry hosted a March 26-30 visit to Israel by Ambassador Ed Djerejian, the founding director of the Baker Institute for Public Policy at Rice University, who was formerly U.S. Ambassador to Israel, U.S. Ambassador to Syria and NEA A/S. During the four-day visit, Ambassador and poloff accompanied Amb. Djerejian to his numerous meetings with high-level Israeli government officials and opinion leaders, who included PM COS Dov Weissglas, National Security Council Director Giora Eiland, Foreign Minister Silvan Shalom, IDF COS MG "Boogie" Ya'alon, Military Intelligence Chief MG Aharon Ze'evi-Farkash, MOD DG Amos Yaron, MOD Political-Military Affairs Chief Amos Gilad, and Immigration and Absorption Affairs Minister Tzipi Livni. In addition, Djerejian met with former Mossad Chief (and former National Security Council Director) Ephraim Halevy. He also participated in a workshop on unilateral disengagement at the Economic Cooperation Foundation hosted by Executive Director Yair Hirschfeld. Ambassador Kurtzer hosted a well-attended dinner in honor of Ambassador Djerejian that included a cabinet minister, a Member of the Knesset, Israeli government officials, representatives of non-governmental organizations, foreign diplomats, and Israeli academics and journalists.

Post-Iraq Situation Assessment:
Israel's Security Improved, But Threats Remain

3. (S/NF) Ambassador Djerejian's first GOI meeting was with DMI Chief MG Ze'evi-Farkash, who, drawing on Israel's just-concluded National Intelligence Estimate, briefed that the regional threats faced by Israel have been reduced as a result of the war in Iraq, although significant risks remain. Citing "hard evidence," Farkash was adamant that the Iraqis had been trying to achieve the capability to attack targets in Israel. He said that Saddam's Iraq possessed 25-30 bombs, some of which were chem./bio-capable; a "few" launchers; and 30-40 long-range missiles. Farkash opined that it was "possible" that Saddam had transferred such weaponry to Syria and it was clear that formerly Iraqi-based "front companies" for WMD had relocated to Syria. He conceded, however, that there is no concrete proof of weapons transfers. Again citing "sensitive" information, Farkash said that Saddam himself had been involved with Syrian President Bashar al-Asad in the shipment to Syria of two truckloads of unknown contents, but Farkash took Djerejian's point that the trucks

might well have been full of hard currency, the protection of which was a key concern of Saddam's in the run-up to the war.

14. (C) Running through a "before" and "after" checklist of regional powers prior to and after the Iraq war, Farkash offered the following assessments. (Commentary from other GOI interlocutors identified by name.)

-- Arafat/Israeli-Palestinian Conflict: The PA Chairman has made no strategic change as a result of the Iraq war. He continues to reject a two-state solution to the Israeli-Palestinian conflict. IDF COS Ya'alon accused Arafat of sowing "deliberate anarchy," assessing that the only effective response would be to completely isolate Arafat. Foreign Minister Shalom went even further, reiterating his long-held view that Arafat should be expelled. MOD DG Amos Yaron asserted that even after 1,000 Intifada-related casualties the Israeli population would not succumb to terror. "If they want to fight," he said, "We'll fight!" Making an obscene gesture, he continued, "And if they demand a 'right of return,' no way!"

-- Iraq: The United States effectively eliminated the "eastern front" threat. The tension between the "Bremer vector" and the "terror vector" continues to play out, however, leaving the situation in Iraq "very fragile." Not unlike Arafat, the terrorists' goal is to survive until the U.S. national elections.

-- Libya: Qaddafi has undergone a "huge shift," characterized by "deep, real change." (Note: Farkash took Djerejian's point that multilateral sanctions had played a decisive role in this context. End Note.)

-- Iran: The regime is under pressure, but it has not taken a strategic decision to change. MOD DG Yaron made clear that Iran remains an "existential threat" to Israel. He also said Israel would not allow Iran to develop a nuclear weapons capacity.

-- Syria/Lebanon/Hizballah: Not only has the SARG's posture not changed for the better as a result of the Iraq war, the situation has worsened, with Bashar facilitating the delivery of weapons to Hizballah and inviting Iranian mullahs to cultivate the Shi'a population. Ya'alon asserted that Syria now plays a "key" role in the external support structure for Palestinian terror. While some support is generated in Iran and funneled through Damascus and Lebanon, Syria plays host to the external leadership of Palestinian terror organizations

-- Al-Qaeda: In the aftermath of the war in Afghanistan, al-Qaeda turned increasingly to countries like Sudan, Somalia, Mauritania, and Algeria as hosts. This represents a tactical, as opposed to a strategic, change, however. There has been no diminution of al-Qaeda's jihadist efforts as a result of the war in Iraq. Citing interdisciplinary "scientific" studies commissioned by the DMI, Farkash emphasized that it is important not to look at Al-Qaeda as a military organization. Rather, it is an "amoeba-like" network of cells. As such, it is most vulnerable at the intersection points between various cells.

-- Turning to the rest of the Arab world, FM Shalom said that he could feel a palpable change in Arab countries, such as Qatar and Bahrain, where there is a greater openness to Israel. Even Saudi Crown Prince Abdullah, he said, is so inclined.

Unilateral Disengagement Scenarios:
Answers and Questions

15. (C) PM COS Dov Weissglas told Ambassador Djerejian that PM Sharon intended to "fully withdraw" from the Gaza Strip and to evacuate from "a couple" settlements in the northern West Bank. (Note: At a private dinner hosted by Dahlia Rabin-Pelesoff, Weissglas specified the number of West Bank settlements would be six. End Note.) He qualified that the decision on whether to leave the Philadelpi Strip in Gaza would be a military decision, dependent on the outcome of negotiations with Egypt. Asked about the Egyptian role in securing Gaza, Weissglas said that the Egyptians did not want to be seen as "replacing" the Israeli occupation. He said that Egyptian Intelligence Chief Omar Sulayman had given his assurances to a trusted interlocutor in Washington that Egypt would not allow chaos to emerge in Gaza. Weissglas said he hopes Jordan will play a similar role in the West Bank. NSC Director Giora Eiland evaded Ambassador Kurtzer's question about whether the GOI has a fall-back position on the "assurances" it is seeking from the United States as a quid pro quo for withdrawal, stating that "it is not a question of fall-backs."

16. (C) Immigration and Absorption Minister Tzipi Livni made clear that no one in the GOI views unilateral disengagement

as a way to end the conflict with the Palestinians. Rather, in the absence of a credible partner, disengagement is simply a means of easing tension. The problem is that Palestinian terrorists will be tempted to view any Israeli withdrawal as evidence that terror pays. Therefore, it must be clear that the Palestinians will achieve less as a result of unilateral disengagement than they would had they pursued good faith bilateral negotiations, whether in the context of the roadmap or some other vehicle. Thus, she advocated remaining in the northern three settlements in the Gaza Strip, rather than evacuating it entirely. This would also avoid a "dangerous precedent" of withdrawing to the 1967 borders, she reasoned. Asked whether these northern three settlements would become the "Shabaa Farms" of the Palestinians, Livni shrugged that even if those settlements were evacuated, "the whole West Bank could be the Palestinian Shabaa."

17. (C) Moreover, she said, there is a growing understanding that time is working against those who favor a two-state solution to the Israeli-Palestinian conflict. The question, then, becomes how to convince those who seek to use terror that time is working against them? To some extent, she said, the construction of the separation barrier, which represents "the beginning of the two-state solution," is doing just that. In this context, she noted that the principles that guided decision-making on the routing of the fence -- inclusion on the "Israeli side" of the barrier Jewish holy places and strategically important places, while requiring the minimum displacement of Israeli citizens from the "other side" of the barrier -- would be the same as those that guide GOI policy on the final borders.

18. (C) As a long-time advocate of an explicit negation of the Palestinian "claim of return," Livni argued that it is precisely because of Palestinian refusal to give up this claim that Israel needs the United States to make some kind of assurance on the matter. Explaining her rationale, she said that the final status issues as defined by Oslo include refugees and statehood (which were linked); borders and settlements (which were linked) and Jerusalem, which is a "unique" issue. Emphasizing the sanctity of the "historical deal," Livni said that the establishment of a Palestinian state as a "homeland for the Palestinian people" obviates any claimed right of return of Palestinian refugees to Israel. To continue to insist on that right is tantamount to challenging Israel's right to exist as a secure, Jewish, democratic state. She took umbrage that the Palestinians had "switched the pairs" by attempting to link the refugees issue with Jerusalem, a mistake to which she said the architects of the Geneva document had also fallen prey.

19. (C) Livni also expressed reservations about the "ambiguous legal status" of the territories from which Israel withdraws. On the one hand, she said, Israel must still control the international passages and the airspace over Gaza. Israel would also insist on the ability to veto the presence of any "foreign forces" in Gaza. "So in these senses," she said, "the occupation will continue," and the evacuated territories would not constitute a sovereign state. On the other hand, Israel does not want to have responsibility for the economic and humanitarian situation of the Palestinians. In a separate meeting, former NSC and Mossad Director Ephraim Halevy opined that Israel should make clear that it is "vacating territory, not authority," since Israel is not currently the governing authority in the Gaza Strip. He argued that the Palestinian Authority, at least theoretically, has "full authority" in the Gaza Strip, even if the PA has not been exercising this authority coercively.

10. (C) Ya'alon contended that, "Unilateral withdrawal from the Gaza Strip will not improve Israel's security," since the Palestinians would not have to "pay a price." Ambassador Kurtzer urged that the GOI not underestimate the transformative power of the PM's unilateral withdrawal plan. Noting that the PM had changed the strategic environment, he questioned the underlying assumption that the unilateral approach ruled out the possibility of seeking a quid pro quo from the Palestinians. For lack of a Palestinian partner with whom to negotiate, the GOI had understandably turned to the USG to pay a price. An alternative approach, he said, would be to empower a partner on the other side through the one thing that no other Palestinian leader had been able to extract from the Israelis -- territorial withdrawal. The GOI could potentially extract a price from a so-empowered Palestinian leader. Ya'alon rejected this reasoning, asserting that it is unrealistic to expect the empowerment of anyone as long as Arafat is on the scene. NSC Director Eiland was skeptical, but he did not completely rule out this scenario. Eiland's predecessor in that position, Ephraim Halevy, mused out loud that if the GOI had "invested yesterday in Abu Mazen what we're prepared to invest today unilaterally, we'd be looking at a different story. Why we didn't do it, I can't say."

11. (C) Ambassador Djerejian urged his GOI interlocutors to work actively to empower the PA security forces to take

control of the areas from which Israel withdraws and to eliminate Hamas. The empowerment of Finance Minister Salam Fayyad could serve as a model, he argued. Yaron responded to this point by noting that "it is no secret" that the GOI has been keeping in touch with former PA Interior Minister Mohammed Dahlan to this end. In his meeting with Ya'alon, Djerejian asked whether the Israelis had considered imprisoned Fatah/Tanzim leader Barghouti as a potentially viable Palestinian leader. Ya'alon simply shook his head. Halevy asserted that, "There will come a time when it becomes necessary to try to recruit Hamas as part of the solution." Assessing that Fatah is weak, he opined that Fatah leaders will ultimately need to co-opt at least some elements of Hamas into the body politic -- in order to isolate the real extremists. Moreover, he said, Hamas leaders are "practical people." They have assiduously avoided a confrontation in which they would stand to lose their assets in a fight against the PA, and they can be expected to continue to do so.

Israeli-Palestinian End-Game:
Eiland Proposes Sinai Land Swap

12. (C) Repeating a personal view that he had previously expressed to other USG visitors, NSC Director Eiland laid out for Ambassador Djerejian a different end-game solution than that which is commonly envisioned as the two-state solution. Eiland's view, he said, was prefaced on the assumption that demographic and other considerations make the prospect for a two-state solution between the Jordan and the Mediterranean unviable. Currently, he said, there are 11 million people in Israel, the West Bank, and Gaza Strip, and that number will increase to 36 million in 50 years. The area between Beer Sheva and the northern tip of Israel (including the West Bank and Gaza) has the highest population density in the world. Gaza alone, he said, is already "a huge concentration camp" with 1.3 million Palestinians. Moreover, the land is surrounded on three sides by deserts. Palestinians need more land and Israel can ill-afford to cede it. The solution, he argued, lies in the Sinai desert.

13. (C) Specifically, Eiland proposed that Egypt be persuaded to contribute a 600 square kilometer parcel of land that would be annexed to a future Palestinian state as compensation for the 11 percent of the West Bank that Israel would seek to annex in a final status agreement. This Sinai block, 20 kms of which would be along the Mediterranean coast, would be adjacent to the Gaza Strip. A land corridor would be constructed connecting Egypt and this block to Jordan. (Note: Presumably under Egyptian sovereignty. End Note.) In addition, Israel would provide Egypt a 200 square km block of land from further south in the Negev. Eiland laid out the following advantages to his proposed solution:

-- For the Palestinians: The additional land would make Gaza viable. It would be big enough to support a new port and airport, and to allow for the construction of a new city, all of which would help make Gaza economically viable. It would provide sufficient space to support the return of Palestinian refugees. In addition, the 20 km along the sea would increase fishing rights and would allow for the exploration of natural gas reserves. Eiland argued that the benefits offered by this parcel of land are far more favorable to the Palestinians than would be parcels Israel could offer from the land-locked Negev.

-- For Egypt: Israel would compensate Egypt with a parcel of land on a 1:3 ratio, which is the ratio of the size of Israel to the Sinai. Egypt would enjoy the land corridor to Jordan, thereby controlling the shortest distance between Jordan and Saudi Arabia to Europe.

-- For Jordan: The greater the capacity of the Gaza Strip to absorb Palestinian refugees, the fewer the number of refugees who would "return" to settle in the West Bank, thereby resulting in less pressure on Jordan. Jordan would also benefit economically from the land bridge.

14. (C) Eiland, having previously debated the merits of this proposal with Ambassador Kurtzer, conceded the point that Egyptian President Mubarak "would never agree" to it, and he also took the point that in negotiating the Israel-Egypt peace treaty Israel had foregone the entire Sinai and accepted the Palestinian issue as an "Israeli" problem. He nonetheless refused to be dissuaded from exploring the idea, noting that he had reason to believe that Prime Minister Sharon would support such a proposal, if it were tabled by a third party.

Syria: Muscular Diplomacy Needed

15. (C) Ambassador Djerejian briefed his GOI interlocutors on

the three face-to-face meetings he has held with Bashar al-Asad since Bashar assumed office. He noted that Bashar had initially been quite dynamic and determined to move forward on economic and social reforms. Bashar had been enthusiastic about the idea of developing a Track II U.S.-Syria dialogue, three rounds of which had now been hosted at the Baker Institute. Bashar himself had suggested that the agenda include terrorism, U.S.-Syria bilateral relations, regional issues, and Israel-Syria negotiations. By the time of the second round of the dialogue, however, Bashar was exhibiting much less interest in the economic and social reform issues, perhaps as a result of the growing corrupting influences of money and power.

16. (C) Asked whether he believed Bashar was sincere in his professed interest in revisiting Israel-Syria negotiations, Djerejian answered affirmatively. He noted two caveats, however: First, Bashar made clear that just as Arafat broke ranks with the rest of the Arab world in pursuing Israeli-Palestinian negotiations in Oslo, Syria would be prepared to break ranks with the Palestinians in pursuing the Syria track. Bashar argued that it would be impossible to do so, however, without some improvement in the Israeli-Palestinian situation. In addition, Bashar had emphasized to Djerejian that Israel-Syria negotiations should not start from scratch but rather should be conducted on the basis of the "legacy" of previous negotiations.

17. (C) Without addressing the veracity of Bashar's claims, Djerejian conveyed in his meetings here the gist of his conversations in Damascus, in which the Syrian President had maintained that Palestinian rejectionist groups housed in Damascus were conducting only "political" activities. Djerejian's interlocutors uniformly rejected the Syrian leader's claims. As Ya'alon put it, the Syrian leader quite simply was lying, and the GOI had ample evidence to prove it.

18. (C) As for how to influence the Syrian regime, Ambassador Djerejian advocated an approach of constructive engagement coupled with "muscular diplomacy," rather than a strategy focused on isolating and pressuring Bashar. Most of Djerejian's interlocutors favored a more aggressive approach. Ya'alon, however, agreed in principle with a measured carrot and stick approach -- "as long as it's a big stick and a conditional carrot."

19. (C) Eiland argued that Israel should not pursue a peace treaty with Syria, because it would necessitate Israel's withdrawal from the Golan Heights. In this context, he asserted that it had also been a mistake to make peace with Egypt, among other reasons because Israel had set a precedent by withdrawing from the entire Sinai, thereby raising expectations that Israel would also ultimately withdraw completely from the West Bank and Gaza Strip, as well as from the Golan. Eiland argued passionately that any potential benefit to Israel's security that would be gained in the context of a peace accord with Syria would be outweighed by the cost associated with withdrawing from the Golan Heights. "Israel needs the space, the water -- even the views" on the Golan.

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